

1976

Board of Directors
B.F. Goodrich Canada Limited

Robert O. Auger, Vice-President & Director of
Mfg. & Eng. Services

M. Edward Bailey, Vice-President and General
Manager of Commercial Products

Walter S. Lodge, Vice-President and General Man-
ager of Chemicals

Peter B. Mason, President

Thomas B. Nantz, Executive Vice-President, The
B.F. Goodrich Company

R.R. (Rusty) Tartaglia, Vice-President & Director
of Tire Marketing

Anton Vittone, Jr., Executive Vice-President, The
B.F. Goodrich Company

Fred B. Warburton, Vice-President, Finance and
Administration

Financial Summary of Operations

B.F. Goodrich Canada Limited

1976

BF Goodrich

BFG CANADA

BFGoodrich Canada Limited achieved record sales in 1976. However, profits lagged due to a marketplace which, despite rising business costs, would not support price increases sufficient to generate a satisfactory return on sales.

Net sales were \$183.44 million, up \$32.26 million or 21 percent over 1975. Net income increased to \$3.48 million in 1976 compared with \$1.54 million the previous year.

As in each of the previous seven years, dividends of \$324,068 were paid to shareholders, leaving the remaining \$3.15 million to be retained in the business. Capital investments for the year totalled \$6.10 million, allocated largely to upgrading our polyvinyl chloride (PVC) resin manufacturing facilities in Shawinigan, Que. and Niagara, Ont. and the installation of additional tire building equipment at Kitchener, Ont.

In May, 1976, we announced plans to increase our Niagara chemical plant's PVC resin production capacity by 200 million pounds. The expansion, which should be completed in early 1979, will more than double BFG Canada's present PVC production, giving us world scale manufacturing capabilities.

During 1976 we announced that BFG Canada was withdrawing from the cellular products business. Our cellular products division, which includes manufacturing facilities at Waterville, Que., Bramalea, Ont. and North Vancouver, B.C., has been offered for sale as an on-going operation. The decision to divest the business segment was reached following an analysis of our business activities in the sponge rubber, urethane and latex foam areas and the relationship of these products to BFG Canada's future growth and priorities.

Complying with the Anti-Inflation Board requirements in 1976 consumed considerable administrative effort and, at times, sidetracked personnel from projects related to the improvement of business profitability.

Although the Canadian economy in 1976 showed an improvement over the previous year, overall performance was sluggish. This was due, in part, to the federal government's restrictive

fiscal and monetary policies. A concomitant air of business uncertainty created by the AIB controls program, excess capacity in the economy and low corporate profits is discouraging capital investment in Canada. This uncertainty continues into 1977 as the business community awaits more realistic taxation policies and some indication of economic leadership on the part of government.

In its 51st year as a Canadian corporation, BFG Canada introduced several changes designed to strengthen the company. A new and more progressive corporate symbol (shown on the cover of this summary) will replace the familiar BFG pentagonal which has been in use since 1950. Also, a reorganization of our company into three separate business core segments: chemicals, tires, and industrial products will permit greater corporate flexibility in meeting changing business demands. Each of the core businesses is planned to operate on management and investment priorities designed to achieve a return equal to or better than cost of capital employed. In the year ahead, BFG Canada will continue to diversify its operations by seeking new business opportunities wherever possible.

In 1976 a new member of our management team was appointed. Donald D. Epp joined us as Vice-President & General Manager - tires, responsible for overall direction of BFG Canada's tire manufacturing and marketing activities. A Canadian citizen and chartered accountant, Mr. Epp was previously senior vice-president of Norandex, a subsidiary of Noranda Mines Ltd.

During 1976 BFG Canada employed more than 3000 men and women in manufacturing locations, branch offices and Ride Centres across Canada. They marketed thousands of products through loyal BFG dealers and distributors to valued customers around the world. To these people, and our suppliers and customers, we express our sincere thanks and appreciation.

On behalf of the Board of Directors:

ANTON VITTONÉ
Chairman

PETER B. MASON
President

B.F. Goodrich Canada Limited

BALANCE SHEET

ASSETS

	1976	1975
	December 31	
Current Assets		
Cash	\$ 263,000	\$ 319,000
Certificates of Deposit	5,500,000	—
Accounts and Notes Receivable Less: Allowances for Doubtful Accounts	22,389,000	20,126,000
Recoverable taxes on Income	—	1,005,000
Inventories	42,456,000	43,555,000
Prepaid Expenses	1,801,000	3,332,000
TOTAL CURRENT ASSETS	<u>72,409,000</u>	<u>68,337,000</u>
Notes Receivable and Investments	717,000	1,086,000
Deferred Charges	158,000	1,332,000
Property		
Land, buildings, machinery, equipment and leasehold improvements	98,246,000	92,480,000
Less: Allowances for depreciation and amortization	57,008,000	52,785,000
TOTAL NET PROPERTY	<u>41,238,000</u>	<u>39,695,000</u>
	<u><u>\$ 114,522,000</u></u>	<u><u>\$ 110,450,000</u></u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities		
Notes Payable and Bank Loans	\$ —	\$ 22,573,000
Accounts Payable and Accrued Expenses	36,276,000	20,572,000
Federal and Provincial Taxes on Income	1,200,000	42,000
Long-Term Debt Payable within one year	2,433,000	3,825,000
TOTAL CURRENT LIABILITIES	<u>39,909,000</u>	<u>47,012,000</u>
Long-Term Debt Payable after one year	15,845,000	8,774,000
Deferred Income Taxes	8,537,000	7,828,000
Accrual for Sales Warranty Adjustments	243,000	—
Shareholders' equity		
Contributed Surplus	2,544,000	2,544,000
Common Stock (Without par value)		
Authorized 25,000 shares	4,584,000	4,584,000
Issued 24,458		
Income Retained in the Business	42,860,000	39,708,000
TOTAL SHAREHOLDERS' EQUITY	<u>49,988,000</u>	<u>46,836,000</u>
	<u><u>\$ 114,522,000</u></u>	<u><u>\$ 110,450,000</u></u>

STATEMENT OF INCOME

	Year ended December 31	
	1976	1975
Net Sales	\$ 183,438,000	\$ 151,184,000
Other Income — Net	(280,000)	218,000
	<u>183,158,000</u>	<u>151,402,000</u>
Deduct:		
Cost of Products Sold, Selling and General Administrative Expenses	174,918,000	145,640,000
Interest Expense	2,719,000	3,191,000
Federal and Provincial Income Taxes	2,045,000	1,035,000
	<u>179,682,000</u>	<u>149,866,000</u>
NET INCOME	<u><u>\$ 3,476,000</u></u>	<u><u>\$ 1,536,000</u></u>

STATEMENT OF SHAREHOLDERS' EQUITY

	Contributed Surplus	Common Stock	Income Retained in the Business
Balance at December 31, 1975			
Shares	—	24,258	—
Dollars	\$ 2,544,000	\$ 4,584,000	\$ 39,708,000
Add: Net Income for the Year 1976	—	—	3,476,000
Deduct: Cash Dividends Paid	—	—	(324,000)
	<u>—</u>	<u>—</u>	<u>—</u>
Balance at December 31, 1976	<u><u>\$ 2,544,000</u></u>	<u><u>\$ 4,584,000</u></u>	<u><u>\$ 42,860,000</u></u>

B.F. Goodrich Canada Limited is the nation's most diverse rubber and plastics company. B.F. Goodrich products are at work throughout the world.

- VINYL RESINS AND COMPOUNDS
 - CONSTRUCTION ADHESIVES — INTERIOR AND EXTERIOR
 - TRIPLE ACTION SKID CONTROL SYSTEMS
 - CARPET CUSHION
 - INDUSTRIAL HOSES — ALL TYPES
- VINYL EXTRUSIONS — RIGID, FLEXIBLE INCLUDING WATERSTOP
- TRANSMISSION AND V-BELTS FOR INDUSTRY FLEXARCTIC PETROLEUM DELIVERY HOSE
 - RUBBER AND VINYL PACKAGING MATERIALS
 - FURNITURE CUSHIONING — LATEX AND URETHANE FOAM
 - GASKETING — RUBBER AND VINYL
 - CUSTOM RUBBER MOLDED AND EXTRUDED PRODUCTS
 - TIRES AND TUBES FOR PASSENGER CARS, TRUCKS, AIRPLANES, OFF-THE-ROAD VEHICLES, TYRFIL
 - AUTOMOTIVE BELTS AND ACCESSORIES
 - AEROSPACE WHEELS, BRAKES AND DE-ICERS
 - GRINDING MILL LINERS
 - ROLL COVERINGS
 - DOCK FENDERS
- AND HUNDREDS OF OTHERS

B.F. Goodrich Canada Limited

Executive Offices, Kitchener, Ontario
(519) 742-3641

Manufacturing Plants

BFG Cellular Products Plant	BRAMALEA, Ontario
BFG Chemical Canada	NIAGARA, Ontario
BFG Cellular Products Plant	N. VANCOUVER, B.C.
BFG Chemical Canada	SHAWINIGAN, Quebec
BFG Cellular Products Plant	WATERVILLE, Quebec
BFG Commercial Products Plant	KITCHENER, Ontario
BFG Silvertown Tire Plant	KITCHENER, Ontario

Branch Offices

CALGARY, Alberta	3500-7th Street S.E.
EDMONTON, Alberta	6035-97th Street
MONCTON, N.B.	51 Ridout Street
MONTREAL 309, Quebec	5430 Ferrier Street
TORONTO, Ontario	50 Jutland Road
VANCOUVER 12, B.C.	3434 Cornett Road
WINNIPEG, Manitoba	1111 Ellice Avenue

Recap Plants

MONTREAL, Quebec	5430 Ferrier Street
WESTON, Ontario	11 Wilby Crescent
WINNIPEG, Manitoba	1111 Ellice Avenue